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CURRENT INTELLIGENCE WEEKLY SUMMARY



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T H E W E E K I N B R I E F

PART I

OF IMMEDIATE INTEREST

THE SUEZ CRISIS Page 1

Despite Nasr's decision not to participate in the London conference, Egyptian representatives in London maintained close contact with the participating delegations. These contacts have increased Egyptian optimism regarding the chances for an agreement which would reaffirm Egypt's working control of the canal. Popular opinion in Cairo now believes that Anglo-French military intervention is unlikely. The Soviet delegation has acted as Nasr's chief advocate, at the same time trying to maintain a working relationship with the Western powers. Meanwhile, military preparations continue on both sides. [REDACTED]

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PART II

NOTES AND COMMENTS

THE ARAB-ISRAELI SITUATION Page 1

A sharp increase in border incidents involving Israel, Jordan and Egypt has sustained tension in the area, despite the apparent intention of the Israeli and Arab governments to prevent the outbreak of hostilities during the present Suez Canal crisis. [REDACTED]

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**SUEZ AND ALGERIAN CRISES
THREATEN FRENCH CABINET Page 2**

French premier Mollet fears that an "unsatisfactory" resolution of the Suez crisis would undermine France's determination to fight in Algeria and would pose a real threat to the Fourth Republic. In view of the growing frustration over France's inability to pacify Algeria, an unsatisfactory solution of the Suez problem might force Mollet's resignation. [REDACTED]

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NORTH AFRICA Page 3

Violence continues in Algeria as terrorists, counterterrorists and security forces step up their activities. In Morocco, the Istiqlal party is creating a government "crisis" designed to force the installation of an all-Istiqlal cabinet, which would adopt a stiffer position in negotiations with France. [REDACTED]

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**PANAMA'S INTEREST
IN SUEZ CRISIS Page 4**

Panama, keenly interested in Egypt's nationalization of the Suez Canal Company, undoubtedly hopes the Suez crisis will result in an international agreement which it could cite as a precedent in asserting its interest in the operation and profits of the Panama Canal. [REDACTED]

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CYPRUS Page 5

The request by EOKA, the Cypriot nationalist organization, on 16 August for a truce with the British apparently surprised both the Greek government and British authorities on Cyprus. EOKA will undoubtedly resume operations if the British do not respond favorably. [REDACTED]

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**POLITICAL SITUATION
IN PAKISTAN Page 7**

Widespread unrest in Karachi, combined with a campaign by a strong opposition party coalition to take over the Pakistani government, has led to another political crisis which could result in a change in the premiership or the imposition of executive rule. [REDACTED]

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LAOS Page 8

The outcome of the negotiations of the details governing the integration of the Pathet Lao troops into the royal Laotian army, which were scheduled to begin on 22 August, will largely determine whether the recent agreement in principle can be implemented. Prime Minister Souvanna Phouma, now in Peiping, will probably be courted for closer political, economic and cultural relations with China as well as pressed to accede to any additional demands the Pathet Lao might consider essential to a settlement of Laotian internal problems. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****23 August 1956****INDONESIAN ARMY DISCONTENT Page 9**

Increasing army resentment toward the Indonesian government, highlighted on 13 August by the attempted arrest of the foreign minister on charges of corruption, is unlikely to result in an attempted coup by dissatisfied army elements in the near future. The military is not believed strong enough politically to force a change in the government, and there is no support among politicians for such a move at this time. [REDACTED]

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**CHANGES IN THE USSR'S
FOREIGN AFFAIRS MINISTRY Page 10**

Personnel transfers, appointments, and institutional changes within the Soviet Ministry of Foreign Affairs during the past seven months have furthered the main lines of development established since Stalin's death. [REDACTED]

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**HUNGARIAN REGIME SPEEDS
CONCESSIONS TO PARTY MODERATES Page 11**

During the five weeks since Gero's appointment as Hungarian party leader, the regime has granted an increasing number of significant concessions--economic, cultural and political--to elements of the party favoring an over-all "liberalization" program. These concessions go beyond the policy line laid down at the time of Rakosi's ouster in July, and are perhaps best exemplified by the apparent change in policy toward former premier Imre Nagy; the regime apparently is now willing to reinstate Nagy--a symbol of "moderate" Communism--to party membership. [REDACTED]

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**SOVIET PLANS FOR INCREASING
COTTON PRODUCTION Page 16**

The USSR has announced that 740,000 acres of virgin land in the Golodnaya Steppe region of the Uzbek and Kazakh Republics will be developed and irrigated for cotton growing. By 1962 the government expects the reclaimed area to yield "at least 320,000 to 340,000 tons of cotton annually." This amount is about equal to the total increase in Soviet cotton production achieved between 1950 and 1955, but less than 15 percent of the total increase scheduled during the Sixth Five-Year Plan. [REDACTED]

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CHINESE COMMUNISTS PLAN FOR
INCREASED PIG IRON AND STEEL Page 15

Ambitious Chinese Communist plans for pig iron and steel output which were recently announced will probably be fulfilled. The new 1956 target of 4,516,000 tons of steel will supply about four fifths of China's domestic requirements for steel. [REDACTED]

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POLITICAL UNREST IN
FOUR LATIN AMERICAN COUNTRIES Page 16

Political unrest and threatened revolutions have recently accentuated the instability of four widely separated countries of Latin America: in Honduras and Ecuador, disgruntled factions threaten internal peace; in Cuba and Colombia, resistance to dictatorship threatens the established regimes. [REDACTED]

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EFFECT OF WEST GERMANY'S BAN
ON COMMUNIST PARTY Page 17

The outlawing of the West German Communist Party on 17 August by the Constitutional Court may be a factor in next year's national elections, since recent political preference polls show that a change of only a small percentage of the total vote would tip the scales in favor of the opposition forces. Members of the East German politburo have urged the workers of West Germany to look to the opposition Social Democratic Party as the only legal workers' party which can safeguard popular rights. [REDACTED]

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LUXEMBOURG OBJECTIONS TO MOSELLE
PROJECT MAY BLOCK SAAR ACCORD Page 18

Luxembourg objections that the canalization of the Moselle River would place its steel industry at a competitive disadvantage have created a major obstacle for implementation of the French-German Saar accord. The Luxembourgers are demanding some form of compensation for anticipated losses. The French assembly is unlikely to approve the accord unless the Moselle canalization is undertaken in order to bring France economic compensations for its loss of benefits in the Saar. [REDACTED]

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THE KEFLAVIK AIR BASE QUESTION Page 20

Negotiations over the status of the Keflavik air base in Iceland have been delayed for at least a month by the illness of Foreign Minister Gudmundsson. In the meantime, Icelandic public opinion appears to be softening, but the government's position has been strengthened by the prospect of some improvement in the country's foreign exchange position and indications of growing sympathy from Danish and Norwegian Social Democratic leaders for the government's proposals on the base. [REDACTED]

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PART III

PATTERNS AND PERSPECTIVES

SUKARNO'S TRIP TO THE SINO-SOVIET BLOC Page 1

Indonesia's President Sukarno is scheduled to leave on 26 August for a seven-week tour of Sino-Soviet bloc countries. From the viewpoint of Indonesia's foreign policy, this trip is intended to "balance" his May-June visit to the United States and Western Europe. Sukarno's influence is usually reflected in Indonesian foreign and domestic policies, and he has told his people he will compare the bloc's progress with that of the Western world and decide "what is best for Indonesia." He has publicly described in glowing terms the favorable impressions he received on his visit to the United States. His trip to Moscow and Peiping will be a highlight in the accelerated program of cultural and economic exchange between Indonesia and the Communist world and will take place at a time when there are signs of growing dissatisfaction with the Ali government, particularly among army elements. [REDACTED]

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POLITICAL TRENDS IN SOUTH ASIA AND THE INDIAN ELECTION . Page 3

India is entering its campaign period for national elections early in 1957 against a background of political ferment in South Asia which in the past three years has forced major changes in government and policy on Afghanistan, Pakistan, and Ceylon. In India, as in Pakistan and Ceylon, opposition elements have developed strong provincial political machines, while the ruling party has been preoccupied with developing national policy and administrative machinery. This process may

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have been slower in India because of Prime Minister Nehru's stabilizing influence and the inertia of a large and heterogeneous population. There is a possibility, however, that Nehru's Congress Party could lose its absolute parliamentary majority in the election. [REDACTED]

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PEIPING'S POLICY TOWARD NATIONAL MINORITIES Page 6

Communist China has followed a conciliatory policy toward its national minorities in granting them nominal self-government in "autonomous" areas and in respecting their languages, religions and customs. This policy has reduced overt opposition to small proportions, and may have increased Peiping's influence among ethnically related minorities in neighboring countries. [REDACTED]

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THE ANTI-VYSHINSKY CAMPAIGN IN SOVIET JURISPRUDENCE . . . Page 9

Criticism of Soviet jurisprudence voiced at the Soviet 20th Party Congress in February has been followed by a series of attacks on the legal theories of the late Andrei Vyshinsky, long considered the outstanding Soviet legal theoretician. In the de-Stalinization process, demands have been made for strengthened "socialist legality" and judicial reform, and Vyshinsky has been condemned for his support of the doctrine of "trial by confession" and of the theory that all accomplices in a crime are equally guilty. [REDACTED]

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PART I

OF IMMEDIATE INTEREST

THE SUEZ CRISIS

Egypt

Despite Nasr's decision not to participate in the London conference, the Egyptian embassy staff and Nasr's chief of cabinet, Ali Sabri, maintained close contact with the participating delegations, particularly those of the Soviet Union, Indonesia and India.

Developments at London appear to have increased Egypt's optimism for a compromise solution at a new conference, which would, however, reaffirm Egypt's working control of the canal. The impasse reached at the conference has increased Cairo's awareness that it may face prolonged tension with the West.

Indian Plan: On 20 August India's chief delegate, Krishna Menon, offered a compromise plan proposing revision of the Convention of 1888 and establishment of an advisory council of user nations with which the Egyptian canal company would be obliged to consult. The company's annual report would also be transmitted to the United Nations.

The Indian plan was probably submitted in the belief it had the support of Egypt and the USSR. Although the concept of a consultative council appears agreeable to Nasr, the council's somewhat undefined role under the Indian plan may cause the Egyptians some concern. The growing confidence of the Egyptians in London may have stimulated hope in Cairo that, with the support of the USSR, terms still more favorable than those

proposed by Menon might be obtained. Nasr has given no clear response to the Indian plan, although it is probably close to what he is ready to accept.

Defense Preparations: The Egyptian government, although apparently interested in negotiating a settlement, is continuing to prepare to resist in the event war develops over Suez. It is preparing for military action to be followed by prolonged popular underground resistance, damage to the canal, and destruction of oil and other Western installations in the area. Efforts to strengthen defenses of the canal zone and the delta are continuing, together with psychological measures to promote identification of the masses with the regime. Maximum publicity is being given in Egypt to the "national mobilization"--reflected in the recent decision to establish 20 "battalions," of 1,000 armed men each, among the Egyptian bedouin tribes.

Egyptian forces in the canal zone are now believed to include units equal to possibly one and a half infantry divisions, plus a tank battalion, large paramilitary reserve forces and permanent coastal defenses. The emphasis thus far appears to have been on improvising the defense of the canal zone and the delta with the military resources already there, plus mobilization of a paramilitary reserve. A significant redeployment from the Israeli front is not believed to have occurred.

Financial Squeeze: Business circles and the government in

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Cairo are beginning to experience economic problems as a result of the British and French freezing of Egyptian assets and the threat of war. The cash position of most Egyptian banks has been weakened by continuous withdrawals since the end of July, particularly from French and British accounts. Merchants are reducing their extension of credit and retailers are attempting to convert their cash into goods.

Canal Operations: Pressure is also being felt as a consequence of British and French measures against the new Egyptian canal authority. Selwyn Lloyd has estimated that the transit tolls now being collected by Egypt are only one third of those normally received and are insufficient to meet operating expenses of the canal. Egypt's more efficient use of canal pilots has reduced the backlog of vessels awaiting passage and relieved the strain on the inadequate pilot force. Since the nationalization, 23 additional Egyptian pilots have been added, and Egypt appears to have begun to get rid of replaceable French staff members.

Serious difficulty in operating the canal will occur if French and British canal employees and pilots are ordered by the European company not to work for the new Egyptian authority. Of 210 pilots, only 55 are Egyptian and most of the remainder would probably leave if the European company so directed.

Soviet Roles at Conference

Dimitri Shepilov assumed three roles in his first international conference as Soviet foreign minister. First, as

mediator, Shepilov attempted to lessen the tension between Egypt and the West by negotiation and an exchange of views. Although Shepilov joined India on 22 August in strongly objecting to the West's intention to present Egypt with only the majority proposals, he generally avoided obstructionist tactics, such as introducing the status of other waterways, apparently in an attempt to maintain the working relationship that developed with the Western powers, especially the United States. He proposed that a preparatory commission be instituted to give "thorough study" to further steps to bring the two sides together.

Second, as the conference's chief advocate for Nasr, Shepilov hammered away on the thesis that Egypt had the right to nationalize the canal and, together with Moscow propaganda media, sought to create an identity of interests between the USSR and Arab nationalism.

Third, as spokesman for the Soviet government, he warned in a statement on 17 August that any attempt by Britain and France to use force against Egypt "can grow into a major conflict" which could "possibly go outside" the Middle East.

Shepilov on 21 August announced acceptance of the proposal advanced by India the day before, at least as the basis for negotiations. He also recited the proposals the USSR had planned to recommend, which included the provision that the composition of the consultative committee be determined by an agreement, and that it include Egypt.

His statements to the conference suggested that Moscow,

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like Cairo, believes that time is on the side of Egypt. His suggestion that a preparatory committee hold meetings on a number of problems prior to convening another conference indicates that Soviet tactics will be aimed at prolonging negotiation. Moscow probably assumes that Egyptian operation of the canal on its own terms would become increasingly acceptable to the majority of the users and that Nasr's demands would ultimately prevail.

British and French Moves

Meanwhile, both Britain and France have continued "precautionary" military measures under a nearly complete security blanket. Although British forces continued to arrive in the Mediterranean by sea and air during the week, the build-up appears to be leveling off and may have temporarily stabilized after the arrival of from 6,000 to 8,000 troops since 26 July, when ground strength in the entire area was estimated at 38,400. Units shipped include an estimated six infantry battalions, two medium artillery regiments (US battalions), three anti-aircraft artillery regiments (US battalions), plus support elements and materiel.

the belief that the British are rediverting certain forces from the Far East and Southeast Asia for utilization in the Middle East.

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French activity: The French services are also involved in continuing military activity resulting from the Suez crisis. Some units of the Mediterranean Fleet on the alert at Toulon are scheduled to undergo several days of "maneuvers" this week, according to a press report. The American air attaché in

German press also reports British military equipment has been seen leaving. An infantry battalion scheduled to leave Korea for Malaya is reported being sent to Aden. This underlines

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Paris has reported that most French air force operational units in France are in a state of general alert.

As early as 14 August, the French representative to the North Atlantic Council announced

that French troops under the command of SACEUR--primarily forces in Algeria, but also some in France and Germany--may be affected by the crisis.

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PART II

NOTES AND COMMENTS

THE ARAB-ISRAELI SITUATION

A sharp increase in serious incidents involving Israel, Egypt, and Jordan has renewed tension along Israel's frontiers.

Two incidents resulting in casualties in Israel's Negev Desert on 16 August were followed by Israeli jabs into Jordan and the Egyptian-occupied Gaza strip. The Gaza outbreak received wide press coverage in Egypt, second only to the Suez crisis, while Cairo radio broadcasts in Hebrew charged that "foreign elements" were trying to create new trouble between Israel and the Arabs--hinting that Britain might be involved.

Despite a renewed clamor in Israel for strong action, Tel Aviv appears to want to hold retaliation to a minimum in order not to jeopardize its interests in the Suez issue.

Fedayeen

The Negev incidents suggest that Egyptian-directed terrorists are again operating in Israel from both Egypt and Jordan.

The new fedayeen activity was possibly given impetus by the assassination in mid-July of the Egyptian fedayeen commander in the Gaza strip and the Egyptian military attaché in Jordan--acts which have been attributed by the Arabs to Israel. Therefore, while Egypt has publicly taken a relatively moderate attitude toward Israel during the Suez crisis, Egypt may intend to resume full-scale terrorist operations against Israel when the Suez crisis is settled, at which time its capabilities for such actions will have been improved.

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SUEZ AND ALGERIAN CRISES
THREATEN FRENCH CABINET

French premier Mollet reportedly fears that an "unsatisfactory" resolution of the Suez crisis would undermine France's determination to fight in Algeria and would pose a real threat to the Fourth Republic. In view of the growing frustration over France's inability to pacify Algeria, an unsatisfactory solution of the Suez problem might force Mollet's resignation.

France's initial reaction to the Suez crisis was unusually strong and united, largely out of fear that another boost to Nasr's prestige would hearten Algerian resistance. French dissatisfaction over the Algerian campaign was already strong and it will increase sharply if an end to the fighting is not in sight by fall. A prolonged deadlock over Suez would encourage defeatism in France, and many left-center deputies might be swayed to accept an early end to what they consider a hopeless war in Algeria.

Leaders of the Popular Republican and Radical Parties told Foreign Minister Pineau on 20 August that the National Assembly should be recalled if the results of the London conference are unsatisfactory to France.

Mollet has reportedly indicated that if French as-

pirations are not satisfied on the Suez issue, he would resign, presumably to avoid the onus for whatever might result at home or in Algeria.

He might also, however, try to take advantage of the growing malaise over Algeria to move for early negotiations with the Algerian rebels in the hope of having enough non-Communist support to avoid reliance on the Communists when the National Assembly reconvenes on 2 October. Even if unsuccessful, such a move would at least ensure his position with his own party. It would, however, arouse those deputies from various parties who have supported Mollet only because they see no other government capable of solving the Algerian problem. They can be expected to hold Mollet accountable for France's stalemated Algerian campaign.

With the disintegration of the broad non-Communist support the present coalition has enjoyed, the extremes in the assembly will again be in a position to make their influence felt. Mollet is reported to fear that a double setback on Suez and Algeria would bring about a real constitutional crisis for the Fourth Republic. This pessimism is reportedly shared by other French political leaders.

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NORTH AFRICA

Algeria

Violence and bloodshed continue in Algeria, where terrorists, counterterrorists and French security forces have all reportedly stepped up their activities since early August.

The nationalists are concentrating their principal effort on the Department of Algiers and particularly Algiers city, which has taken on the appearance of an armed camp, with patrols stationed at all major intersections. Assassination efforts have been increasingly directed against Europeans, causing a rise in tension and strengthening the hand of European extremist groups involved in counterterrorism.

tacks on individuals in urban areas and of continued economic sabotage, arson raids, military ambushes and occasional direct clashes between rebel bands and security troops in the countryside. The French have stepped up their large-scale clean-up operations, but have been unable to prevent incidents in several areas not previously affected. They have fallen into a number of serious ambushes, including one south of Algiers in which over 20 French soldiers were reported killed.

Although the recent increase in rebel activity is not considered directly linked to the Suez crisis, the latter has had a stiffening effect on both sides. Any optimism which existed over the prospects for early negotiations between the French and the nationalists has now been dispelled. A statement put out by the rebels from Algiers last week ruled out local cease-fire agreements and insisted with renewed vigor that a settlement was contingent on France's prior recognition of Algerian independence.

The French, for their part, feel that the "position of strength" from which they hoped to arrange a cease-fire by October, followed by negotiations with representative Algerians, has been jeopardized.

Elsewhere in Algeria, the pattern is one of sporadic at-

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Now Premier Mollet is said to feel that everything depends on the outcome of the Suez crisis.

Morocco

The "crisis" which the Istiqlal party is promoting is designed to force the installation of an all-Istiqlal regime in order to strengthen the Moroccan government, which would then adopt a stiffer position in the final stages of negotiations with France. A secondary purpose is to force the far less important Shoura party (Democratic Party of Independence) out of the government, and perhaps out of existence. The Shoura party, with a very small following, holds a disproportionately large number of ministries--six out of a total of 21. On the other hand, Istiqlal, with a widespread following, holds only 10 posts.

The Istiqlal maneuver, apparently spearheaded by the radical wing led by Allal el-Fassi, occurred on 20 August when its national council asked the ten Istiqlal cabinet members to re-

sign, and thereby cause the collapse of the provisional regime. The sultan allegedly has informed these ministers that he would not accept their resignation. Party moderates, notably Foreign Minister Balafrej, probably will counsel against rash action, however. Pressure on Sultan Mohamed ben Youssef to replace Shoura ministers and to take steps leading toward a constitution and elections will probably be stepped up.

Although the sultan recognizes that the present government is strife-ridden and unwieldy, he has been reluctant to install an all-Istiqlal cabinet, and has not succeeded in having other moderate parties formed. There are indications he fears the Istiqlal may ultimately be dominated by the El-Fassi wing, which allegedly has strong republican tendencies. He also hesitates to form a constitutional monarchy on the British pattern, a goal of the Istiqlal moderates which he has publicly endorsed but which would substantially curb his present authority.

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PANAMA'S INTEREST
IN SUEZ CRISIS

Panama, keenly interested in Egypt's nationalization of the Suez Canal Company, undoubtedly hopes the Suez crisis will result in an international agreement which it could use as a precedent in asserting its "rights" to participate in the operation and share in the profits of the Panama Canal.

Panama's efforts began over 20 years ago and have gained momentum in the past four years. Persistent attempts have been made to weaken the United States' treaty rights by exploiting legal technicalities

to press for concessions not envisaged in the original agreements. President Arias made the "off the cuff" suggestion to an American official on 17 August that Panama have a representative in the Canal Zone to advise American authorities before decisions are made which affect Panamanian interests. The Panamanian government and press were genuinely piqued that Panama was not invited to the London conference. On 4 August, Arias declared his government felt it should have received an invitation because of the

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large number of ships registered under the Panamanian flag and because the Panama Canal "has analogies of various kinds" with the Suez Canal. He declared that Panama, as a non-participant, would not be bound by the decisions reached at the London conference. On 15 August a formal note to the same effect was delivered to the British government.

On 7 August, the Panamanian foreign minister announced that the Panamanian ambassador to Italy, who is also minister to Egypt, had been sent to Cairo. After his arrival, he met with the Egyptian foreign minister and reportedly planned to see President Nasr. The Panamanian minister told the press in Cairo on 19 August that his government views Egypt's right to nationalize the Suez Canal with the greatest sympathy and that the dispute may "greatly affect"

Panama's future policy toward the Panama Canal. He repeated Panama's position that the canal is under its sovereignty despite contractual arrangements for administrative control by the United States, adding that Panama "will never accept international control over the canal."

Although Panama is exploiting the Suez situation to press the United States for more concessions regarding its participation, Panamanian tactics are unlikely to change significantly. Ambassador Vallarino in Washington, noting that the treaty on the canal with the United States "does not entirely fulfill the wishes and aspirations of the people and government of Panama," expressed the hope that the Suez affair "may lead in the future to better understanding and more liberal consideration toward Panama."

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CYPRUS

The request by EOKA, the Cypriot nationalist organization, on 16 August for a truce with the British apparently surprised both the Greek government and British authorities on Cyprus. EOKA will undoubtedly resume operations if the British do not respond favorably.

EOKA may have asked for a truce because the security

forces have been making progress in their antiterrorist campaign and because many Cypriots are beginning to be disillusioned with EOKA's policy of violence. The organization may also have considered that the influence of the nationalist spokesman, Archbishop Makarios, who has been in exile for six months, was diminishing and a truce would give an excuse for bringing him back into the picture.

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Greek foreign minister Averoff has expressed the intention of resuming talks with the British and of sending the Greek ambassador back to London. He hopes thus to clear the way for the return of Makarios from the Seychelles to London and the opening of substantive talks. Averoff plans to offer a simple agreement reaffirming the principle of self-determination, with the application to be worked out over an indefinite period between the Cypriots and the British government. He also envisages that police powers on the island would be retained by London for two years, after which consideration could be given to turning these powers over to the local government. Britain would retain responsibility for defense and foreign affairs indefinitely.

Averoff also would suggest a lower house of parliament with proportional Greek and Turkish representation and an upper house with equal representation.

Governor Harding said on 20 August that he would try to increase the division between EOKA and the people, especially by removing all restrictions not required in continuing antiterrorist activity. Harding told the American consul in Nicosia that he believed Makarios' return might be helpful if he would clearly condemn

violence and co-operate in establishing self-government. Harding said, however, he had "no intention of proposing that the archbishop re-enter the picture to negotiate terms on which he would co-operate and, particularly, with the threat of terrorism still a weapon."

Harding has given the nationalists three weeks to lay down their arms and make a choice between going to Greece or staying in Cyprus. Those who choose to go to Greece will not be charged with any crimes but will lose any British citizenship and are prohibited from re-entering Cyprus. Whoever chooses to remain on the island will be tried if there is evidence "that he has committed a specific offense against the person." The governor has also promised amnesty for certain offenses after he is convinced that order has been restored.

Greek and Cypriot nationalist reaction to Harding's offer has been unfavorable. The mayor of Nicosia declared that EOKA had not been defeated and therefore probably would not surrender.

Both EOKA and Athens consider Makarios the key to further negotiations with Britain and will probably consider that only the archbishop's return from exile will prove British good faith.

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POLITICAL SITUATION IN PAKISTAN

Widespread unrest in Karachi, combined with a campaign by a strong opposition party coalition to take over the Pakistani government, has led to another political crisis which could result in a change in the premiership or the imposition of executive rule.

The arrest of 55 Moslem League and Awami League agitators in Karachi followed a government order on 16 August banning public meetings. The government's action was in response to large demonstrations against Prime Minister Chaudhri Mohammed Ali during Pakistan's Independence Day celebration on 14 August.

The demonstrations were originally directed against Pakistan's foreign policy and may have been partially inspired by the Egyptian embassy. However, they soon turned to local issues and were paralleled by increased political agitation in the provinces.

H. S. Suhrawardy, national head of the Awami League who has long wanted to be prime minister, and Mian Daultana, West Pakistani Moslem League leader, are also using the situation to further their efforts to organize firm majorities in the assemblies of both the central government and East Pakistan. This coalition now reportedly controls 45 to 48 seats in the 76-man central assembly.

President Mirza and Prime Minister Chaudhri have been meeting in Karachi with the governors and chief ministers of both provinces and with Suhrawardy in an attempt to resolve the problem created by the East Pakistani governor's adjournment of the provincial assembly on 13 August. A tentative decision has reportedly been reached to impose direct rule on the province in order to certify the budget for the month of September. Mirza has also reportedly promised Suhrawardy that the assembly will be called back into session to determine whether the present United Front government still commands a majority.

During the brief meeting of the East Pakistan assembly before it was adjourned, Suhrawardy's Awami League opposition appeared to have a slight majority by which it would be able to bring down the United Front government when the assembly reconvenes. If the Awami League-Moslem League coalition also has a majority in the central legislature, which is expected to convene in September, Mirza may find himself facing the choice of replacing Chaudhri, who has been the target of most of the agitation, with Suhrawardy, or declaring a state of emergency throughout Pakistan and ruling by executive decree.

Mirza's decision will probably be influenced by the extent to which Suhrawardy is able to control the extreme left wing of his party.

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23 August 1956

LAOS

The outcome of the negotiations of the details governing the integration of the Pathet Lao troops into the royal Laotian army, which were scheduled to begin on 22 August, will largely determine whether the recent agreement in principle can be implemented. Meanwhile, a government delegation, headed by Prime Minister Souvanna Phouma, arrived in Peiping on 20 August for a seven-day courtesy visit, to be followed by a 24-hour stopover in Hanoi on the way back to Vientiane. As part of its over-all effort to promote neutralism and expand Communist influence in South-east Asia, Peiping will probably urge the premier to accept closer relations with the Communist bloc and seek to influence the negotiations in Vientiane in favor of the Pathet Lao.

political position.

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The visit of the Laotian premier to Peiping before the details of a settlement have been negotiated may directly affect the form of the final agreement, since the Chinese Communists will have an opportunity to pressure him on additional Pathet demands or guarantees. While not compromising Souvanna by offering to establish diplomatic relations with Laos immediately, the Chinese Communists will probably urge him to agree to the eventual conclusion of an aid and trade agreement, and to promote cultural and economic relations.

Although Souvanna has said he will not engage in substantive discussions in Peiping, he is nevertheless vulnerable to Communist blandishments. He has privately and publicly indicated a belief that Laos is too small and too isolated to afford the risk of becoming a "second Korea" by following policies which might antagonize its Communist neighbors.

The delegation is scheduled to stop over in Hanoi on 28 August where it will probably receive the "red-carpet" treatment and assurances of nonintervention in Laotian affairs, as well as a "plea" for closer relations, which Souvanna is likely to find difficult to reject.

The Pathets, however, are likely to present terms designed to achieve a settlement that leaves them in de facto control of their troops and territory--at least until they have consolidated their

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****23 August 1956****INDONESIAN ARMY DISCONTENT**

Increasing Indonesian army resentment toward the government, highlighted on 13 August by the attempted arrest of Foreign Minister Abdulgani on charges of corruption, is unlikely to result in an attempted coup by dissatisfied army elements in the near future.

Most top military leaders, unlike younger army elements, want to leave the administration in civil hands and have become involved in political matters only when they considered it necessary to safeguard the state or keep military affairs free from politics. Younger army groups, however, increasingly regard a military coup as the only solution to Indonesia's domestic problems.

Army officers are now resentful of high-level army transfers ordered by the chief of staff and cabinet, the corruption among high government officials, and the government's delay in implementing economic, political and military administrative reforms. They distrust the National Party, which heads the cabinet, and many regard the military as one of the few dependable guardians of the state.

Although resentment toward the government undoubtedly is again on the increase, the military is not believed to be sufficiently united to force a change in the government, and there is no support for such an effort from within the coalition cabinet or from the opposition at this time.

commanders have either been transferred or are scheduled for reassignment by mid-September. These transfers would appear to strengthen army headquarters and the government.

The army's attempted arrest of Abdulgani on 13 August focused national attention on the problem of corruption, but little more than token remedies are expected. Following a parliamentary resolution demanding an explanation from the cabinet, Prime Minister Ali stated on 15 August that the government would combat corruption "on the basis of law" and "regardless of person." This statement was almost immediately negated by the justice minister, who announced that Abdulgani would not be interrogated--as demanded by the army--when he returns from the London conference.

In an apparent face-saving gesture for the military, it was announced on 20 August that President Sukarno and the government favor the army's suggestion of holding regular meetings with military leaders and that an anti-corruption bill would be forthcoming in the near future.

Should top military leaders or the army's young hotheads improve their position, the government might be induced to make genuine concessions. The army forced the fall of the cabinet in July 1955 and, given an issue which would unite the military and splinter the coalition cabinet, might again force such action. Corruption, however, does not appear to be such an issue, and the scattering of the army's strongest leaders would appear temporarily to weaken the military's potential for action.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****23 August 1956****CHANGES IN THE USSR'S
FOREIGN AFFAIRS MINISTRY**

Personnel transfers, appointments, and institutional changes within the Soviet Ministry of Foreign Affairs during the past seven months have furthered the main lines of development established since Stalin's death. [REDACTED]

Molotov's replacement by Shepilov on 1 June was the culmination of a long period in which it was apparent that Molotov's prestige and influence were being undermined, and in which his policies and methods of carrying out diplomatic maneuvers no longer accorded with the aims of the new Soviet leadership.

It is possible many of the changes effected within the ministry during that period were made by the "collective leadership" even over Molotov's express opposition, and, therefore, that Shepilov's assumption of the diplomatic mantle will not result in any major shake-up in the diplomatic corps. Shepilov has, however, recently recalled V. A. Zorin from the Bonn embassy and brought N. S. Patolichev and A. V. Zakharov into the ministry from party and government work. All three were made deputy ministers and added to the collegium, Shepilov's top advisory body within the ministry.

With the addition of Patolichev and Zakharov, six of the 13 top positions within the ministry are now held by men brought into the foreign service since Stalin's death. As these men master their new duties, some of the career diplomats in top positions may be retired or transferred to other positions. In 13 of the Soviet

Union's foreign missions, too, the chiefs are now men new to the foreign service since Stalin's death.

The enhanced role of the Soviet Foreign Affairs Ministry in the post-Stalin period is clearly revealed by the fact that in October 1952, only six diplomats were on the central committee and but two on the party's central auditing commission, whereas 14 now sit on the

[REDACTED]
**USSR MINISTRY OF FOREIGN AFFAIRS
(CHRONOLOGY OF RECENT CHANGES)**

- 1 January 1956
K. D. Levychkin replaced V. F. Nikolayev as acting head of the 5th European Desk (Balkans)
- 25 January 1956
P. I. Yershov promoted from minister to ambassador to Switzerland
- 28 March 1956
L. F. Teplov appointed ambassador to the Sudan
- 29 March 1956
A. A. Smirnov replaced I. I. Ilyichev as ambassador to Austria
- 25 April 1956
M. G. Gribanov replaced G. P. Arkadyev as ambassador to Norway
- 1 April 1956
I. I. Ilyichev replaced M. G. Gribanov as head of the Scandinavian Desk
- 15 May 1956
I. A. Melnik replaced V. I. Avilov as minister to Luxemburg
- 1 June 1956
D. T. Shepilov replaced V. M. Molotov as USSR minister of foreign affairs
- 22 June 1956
B. I. Karavayev promoted from minister to ambassador to Ethiopia
- 30 June 1956
I. N. Yakushin promoted from minister to ambassador to Thailand
- 16 July 1956
N. S. Patolichev, A. V. Zakharov, and V. A. Zorin appointed USSR deputy ministers of foreign affairs
V. A. Zorin removed as ambassador to West Germany
- 4 August 1956
Y. D. Kiselev, ambassador to Egypt, also appointed minister to Yemen
- 15 August 1956
S. P. Kiktev promoted from minister to ambassador to Lebanon
- 18 August 1956
N. M. Pegov replaced A. I. Lavrentyev as ambassador to Iran

23 AUGUST 1956

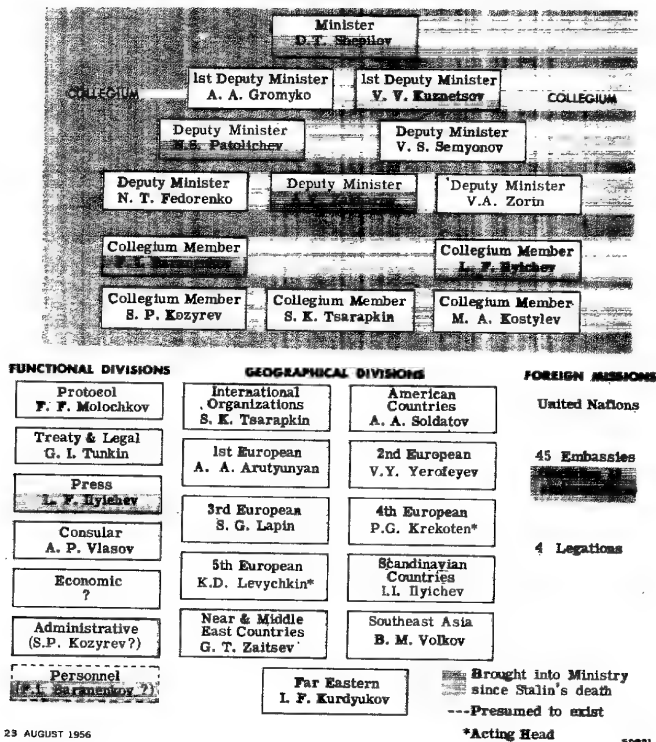
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USSR MINISTRY OF FOREIGN AFFAIRS

tions have been established with the Sudan, Cambodia, Nepal and Yemen, and the missions to Switzerland, Ethiopia, Thailand and Lebanon raised from legation to embassy status. Overtures for the establishment of diplomatic relations have been made to Liberia, Laos, Tunisia and Morocco, and talks with Japan, though suspended, may lead to an exchange of ambassadors after the London conference on the Suez Canal issue.

The transformation of the Ministry of Foreign Affairs from a Stalinist instrument in the cold war to an effective weapon in the diplomacy of cultural and economic penetra-

tion appears to have been completed in its main outlines. Barring a shake-up in the Soviet Union's political high command, no radical changes are likely to occur within the ministry in the near future.

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central committee and five on the auditing commission.

The Soviet campaign to increase the number and prestige of its diplomatic missions has borne fruit. During the past seven months, diplomatic rela-

HUNGARIAN REGIME SPEEDS CONCESSIONS TO PARTY MODERATES

During the five weeks since Gero's appointment as Hungarian party leader, the regime has granted an increasing number of significant concessions--economic, cultural and political--to elements of the party who favor an over-all "liberalization" program. This modification of policy, a reflection of the strength of the moderate

group, represents an effort to re-establish party unity through compromise and the abandonment of rigid doctrinal positions.

Attitude Toward Nagy

The most dramatic and potentially explosive aspect of this program has been the revision in the leadership's

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attitude concerning the future status of former premier Imre Nagy, who was ousted from the party by Rakosi last year on grounds of "right-wing deviationism." Despite the fact that Nagy was personally condemned in the July 1956 central committee resolution, Gero has stated that the party door is open to Nagy if he accepts present party policy.

Even if the rehabilitation of Nagy were accompanied by some form of limited self-criticism--Nagy has in the past refused to do this--it would be a bitter pill for hard-line party doctrinaires such as Gero to swallow. It would not only be viewed by the party moderates as favorable to their efforts to speed liberalization but might be welcomed by the public, which looks back on the Nagy era--July 1953 to April 1955--as the most "liberal" of the country's Communist regimes, particularly with respect to economic policies.

Cultural Policy

The party has evidently already retreated from its position on cultural policy announced last month. A party ideological journal recently warned its readers that party functionaries who persist in deprecation of the role of the intelligentsia are violating party policy. Szabad Nep editor Horvath, admitting that intellectuals have not been satisfied by party policies, has implied that the limits of free expression have been extended beyond the point established in July. In addition, Horvath suggested that two writers who had been expelled from the party

for bitter attacks against the regime last June might now be readmitted.

Gyula Kallai, who was imprisoned in 1951 and is a member of the Debrecen group of nativist-Communists, has reportedly been named to head the central committee cultural section, replacing a woman known for her hard doctrinal views. Kallai's appointment would represent a significant concession to the group of intellectuals who have led the fight for greater party democratization and general policy moderation.

Political Policies

The politburo changes in July have taken on added significance in the light of the increasingly important public role Janos Kadar, alleged leader of the moderate force, is playing in the implementation of party policy. On 12 August, Kadar, who was appointed to the party politburo and secretariat and now appears to be one of the top six figures in the party, departed from the recent party line by charging that the rightist deviation of Nagy in 1953 stemmed from errors committed between 1949 and 1953, presumably by Rakosi and Gero.

Outlook for Party Moderates

The moderates appear willing to work for party unity while consolidating and strengthening their political position and pressing for a step-by-step liberalization of the regime's policies. In this fashion, they hope to come to power without weakening the over-all authority of the party and without risking direct Soviet repressive action.

It appears likely that after consolidating their position, the moderates will carry

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their attack against Gero, whose resignation was demanded by the intellectuals even before the ouster of Rakosi.

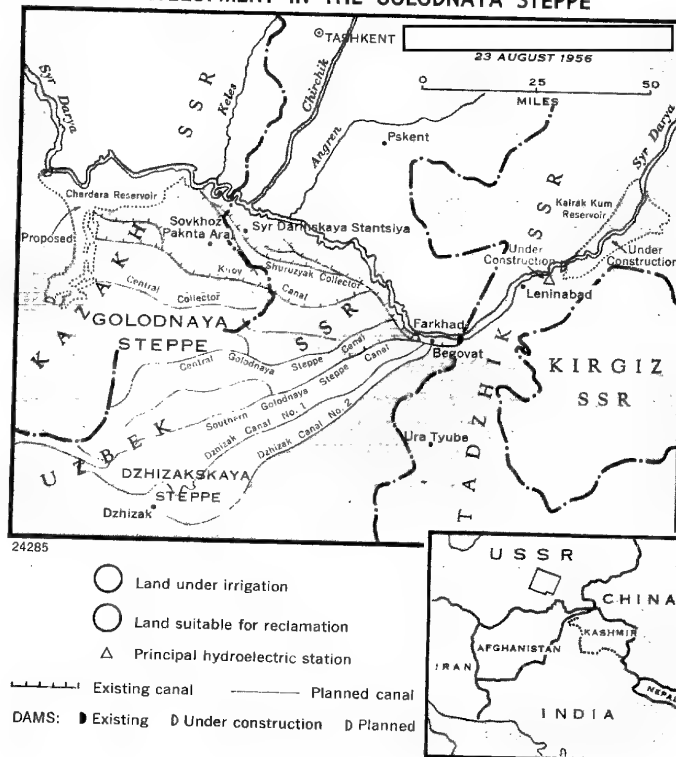
Andras Hegedus, present premier and a protégé of Rakosi, probably is also a candidate for removal.

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SOVIET PLANS FOR INCREASING COTTON PRODUCTION

The USSR has announced that 740,000 acres of virgin land in the Golodnaya Steppe region of the Uzbek and Kazakh Republics will be developed and irrigated for cotton growing. By 1962 the government expects the re-claimed area to yield "at least 320,000 to 340,000 tons of cotton annually." This amount is about equal to the total increase in Soviet cotton production achieved between 1950 and 1955, but less than 15 percent of the total increase scheduled during the Sixth Five-Year Plan (1956-1960).

plans for the expansion of cotton production in each of the principal cotton growing republics--Uzbek, Tadzhik, Turkmen, and Azerbaidzhan--have not been proceeding on schedule. In Uzbek, which

PLANNED DEVELOPMENT IN THE GOLODNAYA STEPPE

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The Soviet Union, already the world's second largest producer of cotton, plans to produce about 6,000,000 metric tons in 1960, an increase of 56 percent over 1955. This ambitious goal is to be achieved by increased yields and an expanded area under cultivation, but the elaborate

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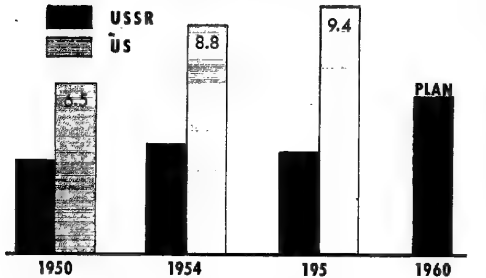
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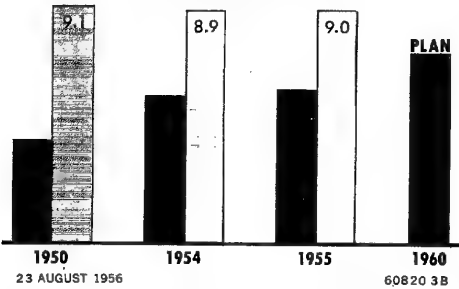
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US-USSR PRODUCTION

RAW COTTON
MILLION METRIC TONS



COTTON TEXTILES
BILLION LINEAR METERS



annually produces 60 to 65 percent of Soviet cotton, it has not been possible to raise yields consistently above those attained in 1950. Total cotton production for the USSR in 1955 was below that of 1954 following adverse weather in major growing regions.

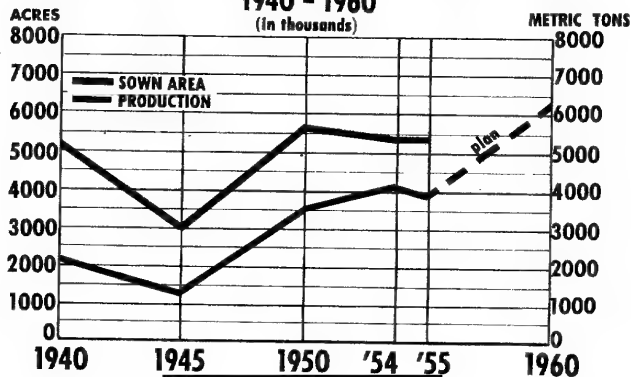
Approximately 1.5 billion rubles are to be spent by 1960 on the reconstruction of the existing irrigation system and the construction of new canals and irrigation facilities for the

new reclamation project. Almost 25,000 skilled workers will be sent to the region to carry out the necessary construction work. Since the area to be reclaimed is almost totally unoccupied, the farming of virtually the entire area will be conducted by 34 new state farms.

The project illustrated the more logical approach to agricultural taken in the USSR since the death of Stalin. Instead of attempting, as they did under Stalin, to grow cotton in regions which do not require irrigation but which are climatically unsuitable for cotton, present plans are directed at increasing the production in regions where the climate is favorable. In addition, grandiose projects such as the Main Turkmen Canal, which could have been completed only at a tremendous cost, are being replaced by smaller, less costly projects, from which a return can be expected in a relatively short time.

USSR RAW COTTON PRODUCTION

1940 - 1960



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CHINESE COMMUNISTS PLAN FOR INCREASED PIG IRON AND STEEL

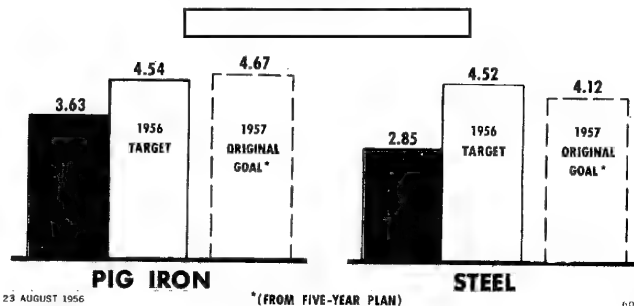
Ambitious Chinese Communist plans for pig iron and steel output in 1956 which were recently announced will probably be fulfilled. According to announcements at the National People's Congress in June, the output of pig iron is now scheduled to increase 25 percent this year over the 1955 level, and steel production is to rise by 58 percent. The new plan calls for almost 10 percent more steel to be produced this year than had been scheduled under the original five-year plan for production in 1957.

erate tempo of work, and several new projects have been completed ahead of schedule. In the five-year plan, China also underestimated the increase in output realizable from existing facilities through relatively minor renovations and more effective control.

Of the total 900,000-ton increase in pig iron production planned for this year over 1955, up to 400,000 tons will come from the Anshan metallurgical complex in Manchuria, where a fifth

Although large by China's standards, the 1956 target of 4,516,000 tons of steel output is small compared for example to the estimated production in the Soviet Union this year of 49,200,000 tons. Also, by China's own admission, it will meet only 82 percent of the country's steel requirements.

COMMUNIST CHINA
PIG IRON AND STEEL PRODUCTION
(MILLIONS OF METRIC TONS)



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Achievement of these revised targets is probably feasible, since construction in the iron and steel industry is proceeding ahead of schedule and additional increases of production are being obtained by the adoption, under Soviet supervision, of modern technological practices. When the original five-year plan was announced in 1954, Chinese planners apparently underestimated the rapidity with which output could be expanded. Construction schedules under the original plan for iron and steel plants called for a fairly mod-

large blast furnace was completed in July. The restoration of two furnaces at Penchi, begun in April 1955, should also be completed this year and provide another 300,000 to 400,000 tons. The remainder required to meet the goal will probably be obtained from increased efficiency at other plants. In steel production, 1,100,000 to 1,300,000 tons of the 1,670,000-ton increase scheduled this year will come from Anshan, where the seven new open-hearth furnaces have recently begun operation and more are scheduled for completion this year.

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POLITICAL UNREST IN
FOUR LATIN AMERICAN COUNTRIES

Political unrest and threatened revolutions have recently accentuated the instability of four widely separated countries of Latin America: in Honduras and Ecuador, disgruntled factions threaten internal peace; in Cuba and Colombia, resistance to dictatorship threatens the established regimes.

Honduras

The de facto regime of Honduran chief of state Julio Lozano--despite the abortive revolt on 1 August, Lozano's sudden illness, and persistent rumors that the army is preparing to take over the government--is apparently going ahead with plans for the election on 7 October of a constituent assembly, which is expected to form a new government.

The Liberal Party, which won a plurality in the nullified national elections of 1954 and is believed still to retain wide popular support, is split into a pro-Lozano faction and a group in open opposition to Lozano led by the party's former presidential candidate, the demagogic Ramon Villeda Morales. Villeda and three of his chief lieutenants were exiled in mid-July, and Villedistas are believed responsible for the attempted revolt in the capital on 1 August. Some rebels escaped with up to 3,000 rifles and the Liberals are reportedly planning another revolt.

The army is in an excellent position to assume control of the government should Lozano become incapacitated.

Ecuador

Political instability in Ecuador centers around the contested June presidential election and the reluctance of the defeated

opposition parties to accept the narrow victory of Conservative candidate Ponce Enriquez.

The election crisis of the past three months has been punctuated by political plotting, coup rumors, an attempt of junior military officers to kidnap outgoing President Velasco Ibarra, an abortive military revolt, and a boycott of congress by opposition deputies which blocked the legal confirmation of the president-elect until 16 August--almost a week beyond the scheduled date.

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Following his inauguration, set for 1 September, Ponce will face political and economic problems which will tend to perpetuate the instability which has prevailed since the election. The opposition factions, largely dominated by Liberal elements, may be expected to obstruct his program and administration both in and out of congress. The loyalty of the military is also questionable, with some high-ranking army officers having indicated pronounced Liberal sympathies.

Cuba

Cuban president Batista, whose regime put down a civilian attack on a military garrison in April, is still faced with plotting by exiles and, reportedly, by civilian and military elements within the country. However, he still controls the majority of the army, a key factor in the situation, despite some disaffection.

The administration is not widely popular and dissatisfaction has increased during the past year. In an effort to

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mollify the opposition, the government, which is opposed to general elections before 1958, has scheduled partial elections for November 1957, and at least some opposition elements may participate.

The government's allegation of 11 August linking Dominican dictator Trujillo, ex-president Prio Socarras and Cuban revolutionary Fidel Castro in a conspiracy to overthrow Batista may have been calculated to justify closer control of subversive elements. The American embassy in Havana has stated that Castro, who has declared 1956 to be the "year of decision," may have available a considerable quantity of arms and ammunition in Cuba and may be able to count on a sizable number of followers there.

Colombia

The progressive erosion of support for Colombian president Rojas Pinilla has reached near-critical proportions. Authoritarian measures taken by the government have forced it to rely almost exclusively on the army for continuance in power. However, widespread rumors that a military junta is to be established with or without Rojas Pinilla's participation may indicate he can no longer count on the unqualified and indispensable backing of the army. In

July the church, a key prop of the government, condemned the "Third Force"--the latest of several of Rojas' attempts to win support from the masses. The cardinal primate's unequivocal denunciation of the Third Force prevented endorsement by the largest of Colombia's labor federations, which is church-sponsored.

Public and party opposition to Rojas Pinilla has gradually increased in recent weeks and guerrilla activities continue. Apparently the government has also alienated various elements which formerly offered it a measure of cooperation, or at least tacit approval. The recent alliance of the antagonistic Liberal and Conservative factions has tended to crystallize opposition plans for a restoration of constitutional government. The business class, victim of corrupt practices of the executive and the military, is disgruntled over the instability of the currency and official manipulation of exchange controls.

Strict censorship of the press, which has undermined Colombian prestige in the hemisphere, arbitrary arrests, and extensive graft attributed to members of the president's family have all served to alienate the general populace.

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EFFECT OF WEST GERMANY'S BAN ON COMMUNIST PARTY

The outlawing of the West German Communist Party (KPD) on 17 August by the Constitutional Court may be a factor in next year's national elections, since recent political preference polls show that a change in only

a small percentage of the total vote would tip the scales in favor of the opposition forces. In 1957 the KPD vote--2.2 percent of the total in 1953--will possibly go to the Social Democratic Party (SPD), Chancellor Adenauer's chief opposition.

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Some of the Communist vote may be channeled to splinter parties which are neutralist and generally sympathetic to Moscow. The SPD may enter electoral alliances, however, with some of these parties. Members of the East German politburo have urged the workers of West Germany to look to the SPD as the only legal workers' party which can safeguard popular rights.

SPD deputy chairman Melles and some trade unionists have expressed concern that covert Communist operations are more to be feared than overt activities. The independent German press has been skeptical of the political wisdom of banning the party at this time, and sees the move reacting against the Adenauer regime. Police who set out to implement the decision to confiscate party funds and property found the Communists had left them little of value to confiscate.

No transfer of headquarters will be necessary, since KPD first secretary Reimann and some of his major functionaries have been operating in East Berlin for several years. The Communists will probably try to operate through politically acceptable organizations, such as labor unions, since many front organizations have already been banned.

The West German minister of interior stated that while no mass action would be taken against the 70,000 Communists in West Germany, proceedings against principal party leaders were essential to halt illegal activities. Several leading party officials who were found guilty of treason by the Federal Court last spring are now in jail. Other major party functionaries are believed to have fled to East Germany since the announcement on 17 August.

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LUXEMBOURG OBJECTIONS TO MOSELLE PROJECT MAY BLOCK SAAR ACCORD

Luxembourg objections to the canalization of the Moselle River, placing its steel industry at a competitive disadvantage, have created a major obstacle for implementation of the Saar accord between France and Germany. Luxembourg's position is of critical importance, since it is unlikely the French parliament would be willing to

approve the Saar accord without the canalization of the Moselle-- which would bring economic compensations to France to offset some of those benefits being relinquished in the Saar.

The Luxembourg attitude had been expected to be co-operative. Luxembourg prime minister Bech informed Chancellor Adenauer at

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The French, on the other hand, insist they will not make payments to Luxembourg for alleged "damages" as such. Their position has been that although Luxembourg steel producers would gain less than those of Lorraine by the Moselle project, the over-all position of the Luxembourg producers would improve. The French have been inclined to feel they can reconcile the Luxembourgers to their point of view, but the American ambassador to Luxembourg has warned that the French underestimate the extent of feeling on the Moselle project.

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In the negotiations which have thus far taken place, the Germans have refrained from putting pressure on Luxembourg in this matter, and Belgium and the Netherlands are playing a cautious role in deference to their close associa-

tion with Luxembourg. The Netherlands, in contrast to Belgium, sees considerable advantage deriving from the canal project. Belgium feels the port of Antwerp will suffer from the rerouting of commercial traffic, but is reluctant to stand in the way of a French-German agreement on the Saar. It fears French reprisals, and wishes the project could be "Europeanized."

Although the Luxembourgers insist on compensation, the French feel reasonably certain of ultimately winning their point through arbitration. Some early settlement is

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necessary to allow for parliamentary approval of the Saar accord in France and Ger-

many in time to permit orderly transfer of the Saar to German control by 1 January 1957. [REDACTED]

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THE KEFLAVIK AIR BASE QUESTION

With the Keflavik negotiations delayed for at least a month by the illness of Icelandic foreign minister Gudmundsson, several factors are at work which may influence the firmness with which the government pushes for a withdrawal of American troops. The economic and psychological impact of the gradual work stoppage at the base, and the publicizing of the North Atlantic Council's affirmative reply on the continued necessity for American troops, are apparently having a moderating influence on Icelandic public opinion.

Factors tending to stiffen the government's position include the prospect of some improvement in the country's foreign exchange position and indications of growing sympathy from Danish and Norwegian Social Democratic leaders for the government's proposals on the base.

The gradual completion of construction activity at Keflavik and the decision not to undertake any new projects for the present are reducing appreciably the employment of Icelanders at the base. These jobs, which are generally desired by Icelanders, at present number 1,850 but by the end of the year are expected to number 700 at most. In addition, there are some signs of popular

concern over the presence of Communists in the new government.

On the other hand, Iceland's precarious economic situation, which is one of the factors weakening the government's position in base negotiations, has assumed a slightly more favorable aspect with the herring catch on the north coast reported to be nearly triple that for the comparable period last year. The USSR recently agreed to take an additional 50,000 barrels of salted herring. The \$25,000,000 credit offered by West Germany before the 24 June elections for financing Iceland's ambitious program of economic expansion has not yet been withdrawn. [REDACTED]

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However long the beginning of negotiations is delayed, the six-month period during which Iceland and the United States are to reach an understanding began on 1 August. At the end of this period, either party may, under Articles VII of the Defense Agreement of 1951, give notice of its intention to terminate the agreement, effective 12 months from the date of such notice. [REDACTED]

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PART III

PATTERNS AND PERSPECTIVES

SUKARNO'S TRIP TO SINO-SOVIET BLOC

President Sukarno is scheduled to leave on 26 August for a seven-week tour of Sino-Soviet bloc countries, which, in line with Indonesia's "independent" foreign policy, will balance his May-June trip to the United States and Western Europe. Sukarno's influence is usually reflected in Indonesian foreign and domestic policies, and he has told his people he will compare the bloc's progress with that of the Western world and decide "what is best for Indonesia." He has already indicated he was favorably impressed while in the United States.

His trip to Moscow and Peiping will be a highlight in the accelerated cultural and economic exchange between Indonesia and the Communist world and will take place at a time when there are signs of growing dissatisfaction with the Ali government, particularly among army elements. (See Part II for a discussion of current internal politics in Indonesia.) The Orbit tour comes on the heels of new Indonesian expressions of nationalism and anti-colonialism seen in the repudiation of Indonesian debts to the Netherlands and support of Egypt in its decision to nationalize the Suez Canal.

East and West

In a speech on 29 July to a convention of the National Party, Indonesia's largest party and the leader of the government coalition, Sukarno announced he would not go to the Soviet Union and Communist China to determine a "state of mind" as he had done in the United States. He said the Marxist "state of mind" was already well known, but he did intend to observe whether this

state of mind had been materially implemented.

He said he had discovered during his American tour that the most important thing to Americans, and the thing they practice to the utmost, is freedom of expression. He said that with this freedom of expression they have achieved freedom from want. Sukarno stated that, in contrast, the "Soviet countries" are "working from the other side" in that they are making efforts to achieve freedom from want, and "freedom of expression will come later."

Sukarno went on to say that he believes the best system for Indonesia is somewhere between the two. He promised that when he returns from his trip he will be able to state "in the affirmative what would be best for Indonesia."

Actually Indonesian economic and political policy is already "somewhere between the two." Sukarno's influence is such, however, that the views he derives from his tours are likely to contribute to a clearer definition of policy and to the accelerated formulation of government programs.

Orbit Tour

Sukarno plans to spend two weeks in the Soviet Union. He is scheduled to address a mass meeting in Moscow, to make several speeches at universities, and to tour industrial projects, including some in the Ural Mountains and the Ukraine. He will spend approximately five days each in Czechoslovakia, Yugoslavia and Austria, and, following several days of rest, will go to Communist China for two weeks, where he will participate

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in China's 1 October anniversary celebration of the establishment of the Communist regime. He will return to Indonesia on 12 October.

Sukarno will be accompanied by approximately the same individuals he took with him to the United States in May. He has said he wants them to have a "complete picture." In addition, it is understood that both the Soviets and the Chinese have invited a selected group of journalists who, although not traveling with Sukarno's official party, will be in the USSR and China at the same time.

Orbit Offensive

Sukarno's trip to the Communist world will climax an accelerated Sino-Soviet drive, under way since last April, directed toward the development of closer relations with Indonesia. The Communist offensive has included an increase in the number and size of individual Orbit diplomatic missions in Djakarta, numerous cultural exchanges, and offers of trade and aid. Principal among the last is the Soviet offer of economic and technical aid made last April and now being negotiated in Djakarta.



The amount of aid is still unspecified, but the Soviets have offered 12-year industrial credits at 2.5 percent interest. The agreement apparently will not be signed before Sukarno leaves on 26 August and may be delayed until his return in October.

Madame Sun Yat-sen is now touring Indonesia, and Indonesia's Prime Minister Ali will visit the USSR later in the year.

Indonesia's "Neutrality"

Sukarno's impressions of the West and the Sino-Soviet bloc are not expected to deflect Indonesia from its "independent" or "actively neutral" foreign policy. If anything, his pronouncements have increased Indonesia's determination to adhere to such a policy, although perhaps with greater flexibility.

Sukarno has emphasized that Indonesian foreign policy will continue to be guided primarily by nationalism and anticolonialism. Indonesia will probably become more assertive in its foreign relations, partly as a result of increased confidence resulting from Sukarno's trips, and also from the belief that the prestige of the Asian-African nations is increasing.

Indonesian neutralism, as defined by Sukarno and other national leaders, is designed to advance the development of Indonesia and enhance its prospects of survival as an independent nation. The Indonesians will maintain relations with both blocs to the extent that they feel such relations benefit the country.

Repudiation of Debts

The Orbit tour comes on the heels of new Indonesian expressions of nationalism and anticolonialism. The Indonesian Foreign Ministry announced on 4 August that it had repudiated debts to the Netherlands which it had assumed in 1949 when it achieved independence. The Indonesians justified the repudiation on the basis of their unilateral abrogation last April of the 1949 agreements.

The government possibly believed that some nationalistic action was needed following one

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tour and on the eve of another simply as an expression of Indonesian independence. The repudiation of the debts also served the purpose of indicating that the cabinet was grappling with Indonesia's economic problems.

Support of Egypt

Sukarno dramatically defended the cause of nationalism in other areas when he stated in a major address on 17 August, Indonesia's Independence Day, that the nations of Asia and

Africa should issue a warning to the world, "Hands off Egypt!"

Sukarno announced that Indonesia's presence at the London conference is in "defense of Egypt's sovereign rights and in defense of peace." Indonesia has taken the position that Nasr may be depended on to guarantee free passage of the Suez Canal, and Foreign Minister Abdulgani has stated that any control over Suez, including that of the United Nations, should be considered an infringement on Egypt's sovereignty.

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POLITICAL TRENDS IN SOUTH ASIA

India is entering its campaign period for national elections in early 1957 against a background of political ferment in South Asia which in the past three years has forced major changes in government and policy on Afghanistan, Pakistan, and Ceylon. In India, as in Pakistan and Ceylon, opposition elements have developed strong provincial political machines, while the ruling party has been preoccupied with developing national policy and administrative machinery. This process may have moved more slowly in India because of Prime Minister Nehru's stabilizing influence and the inertia of such a large and heterogeneous population. It is possible, however, that Nehru's Congress Party will lose its absolute parliamentary majority in the elections.

Postwar Governments

The governments of India, Pakistan, and Ceylon, which took over from the British shortly after World War II,

were shaped in the British tradition. They had highly educated leaders of strong character who established effective governments and who enjoyed widespread popular support. These men were backed by monolithic political parties, the opposition to which was negligible. In Afghanistan, too, the postwar government was controlled by elder statesmen who held traditional, conservative views.

By 1953, however, because of the magnitude of the political and economic problems in India, Pakistan, and Ceylon, almost every capable leader of the dominant political party had undertaken administrative government duties while few men of stature remained in provincial party posts. This situation seriously weakened the party machinery and diminished contact between the government and the people. Firm control of the government led to complacency on the part of the ruling group, whose large majority in parliament enabled its dominant

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personalities to act much as they pleased.

At the lower levels, party organization deteriorated, factionalization became rife, and corruption grew common. In addition, death and retirement thinned the ranks of those who had been mainly responsible for the creation of the new states.

By 1953, it also became apparent that the people of India, Pakistan, and Ceylon were increasingly dissatisfied with the failure of their political leaders to produce the considerable improvement in the standard of living which they had been led to believe would come with independence. The slogans of the independence movement had worn thin, momentum had diminished, and even the speeches of such men as Nehru merely repeated long-familiar words.

Changes in Leadership

Prince Daud's assumption of the premiership in Afghanistan in 1953 was the first major change in the old order of entrenched leadership in South Asia. This was followed in early 1954 by the East Pakistani provincial elections, in which the ruling Moslem League was completely repudiated by the people. In April 1956, the people of Ceylon overwhelmingly defeated the government which had held power since independence. By 1956, therefore, it had become clear that the common people of Asia, having developed some experience with democratic techniques, were becoming increasingly aware of their power to elect their own governments and to have a say in directing their own destinies.

In each of these cases, the ruling political group had lost contact with the situation and underestimated the strength of the opposition, which in the case of Afghanistan consisted

of a single individual without apparent popular support and in the others included a variety of numerically small, ideologically diverse groups without unity.

Relying on its historical record, the supposed prestige of its leaders, and its control of the government machinery and of the mass media of propaganda, the ruling group had made no serious effort to ensure its continuance in power. In the elections in East Pakistan and Ceylon, the programs of the ruling Moslem League and United National Party were based on timeworn generalities, candidates made no great effort to campaign, and both the government and the party were ignorant of developments outside the urban areas. Meanwhile, opposition parties were campaigning intensively in the countryside on specific local issues of direct interest to the voters.

Situation in India

At the moment, the same situation seems to prevail in India that existed in East Pakistan and Ceylon prior to the elections in those areas.

The Congress Party is not in close contact with the people. Its provincial organization apparently has not improved materially in the past two years and is badly split by factionalism. The much-touted efforts to rejuvenate the party during these two years have consisted almost exclusively of introducing bright young men into the government structure rather than the party organization. The party is still using such general slogans as the welfare state, the five-year plan and neutrality. There are few signs that Congress leaders, busy with the Second Five-Year Plan and the administrative problems attendant on the reorganization of state boundaries, have begun to think seriously of contesting the elections.

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The opposition, on the other hand, has already begun to publicize platforms almost exclusively concerned with local provincial issues and tailored to appeal to a majority of the special interest groups in each region. Strong efforts are already being made by many opposition parties to achieve unity in opposing the Congress Party.

Most Congress leaders do not seem to be aware of the demanding nature of the popular movements which overthrew the governments of East Pakistan and Ceylon. These leaders show no particular concern over the possibility of a similar occurrence in India. They have not yet indicated their intent to prevent such an event by conducting intensive campaigns in the village areas where the great majority of Indian voters reside, and apparently do not yet recognize that the relative success of the Congress Party and the opposition in reaching the voter at the village level will probably be the key to the election outcome.

Future Trends

On the basis of present information, it seems unlikely that Congress leaders will leave the urban areas for extensive tours of the agrarian regions or that the low-quality Congress functionaries in the provinces will appeal greatly to the people.

The Congress Party, which faces a hard election fight in the areas of West Bengal,

Travancore-Cochin, Andhra, and Bombay, will probably put its maximum effort into campaigns in those areas. It will also make a strong effort in the important states of the Punjab, Uttar Pradesh, and Madras. This may mean that the party will neglect the larger number of less important states. If, as in the case of East Pakistan and Ceylon, an opposition movement gains unexpected momentum in the "neglected" areas in the month immediately preceding elections, the Congress Party may find itself without the machinery or the personnel to combat this danger effectively.

The Congress Party, which won only 45 percent of the popular vote in 1952, may not be able to lose many more votes and retain its absolute majority in parliament. The vote for independent candidates may be even larger in 1957 than in 1952, when the bloc of independent votes was second only to that of the Congress Party in size.

Dissatisfaction with Congress policies may lead to the candidacy of a greater number of independents of provincial stature than before. Their success will depend to a large extent on the feelings of the voters on specific issues, such as nationalization of industry, trade controls, reorganization of state boundaries, unemployment, corruption in government, and regional benefits from five-year plan development projects.

The uncommitted voter who dislikes the Congress Party and who obtained little benefit from having voted Socialist or Communist in 1952 may therefore swing toward these independent candidates, who may become important as a balance of power.

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PEIPING'S POLICY TOWARD NATIONAL MINORITIES

Communist China has followed a conciliatory policy toward its 35,000,000 people in ethnic minority groups, granting them nominal self-government in "autonomous" areas and respecting their languages, religions and customs. However, behind the facade of autonomy, Communist control over minorities remains firm.

During the 1930's and early 1940's, the Chinese Communists promised minorities the right of self-determination in order to gain their support in the struggle for control of China. With the establishment of the Peiping regime in 1949, the Chinese Communists discarded this pledge of self-determination and adopted the principle of "autonomy" with no right of secession. In the constitution of 1954, autonomous areas were described as "inalienable parts" of China, whereas in the Soviet Union minority republics nominally have the right of secession.

Autonomous Areas

Autonomous areas vary greatly in size. Two very large ones have been established--the Inner Mongolian Autonomous Region in 1947 and the Sinkiang Uighur Autonomous Region in 1955. Tibet is being readied for the status of an autonomous region.

Autonomous areas are not established until Peiping feels its control is firm, and no doubt is left that ultimate power lies with the central government. Although the governments of autonomous areas may draw up special regulations for their areas, these must be submitted for approval to higher administrative levels. Like other administrative units of China, the autonomous areas are freely reorganized and

amalgamated on the initiative of the central government.

Chinese Leadership

Peiping maintains the fiction of autonomy by working through local leaders who are amenable to central government control. The Mongolian leader, Ulanfu, a member of the central committee of the Chinese Communist Party and chairman of Peiping's Nationalities Affairs Commission, serves as party boss and governor of the Inner Mongolian Autonomous Region. In Tibet, orders are issued through the Dalai and Panchen Lamas, non-Communists whose powers have been effectively circumscribed by the Chinese. Peiping's doubt as to the Dalai Lama's true attitude was evident in its refusal to allow him to attend Buddhist festivals in India this year.

As in China proper, working cadres in the autonomous areas are major instruments for reducing opposition to the central government. Seven nationalities institutes--a central school in Peiping and six regional schools--have been set up to train youths from minorities areas for work as cadres. Peiping has worked through minority cadres to the fullest possible extent, both because of their usefulness in knowing local languages and customs and as a means of disguising central control.

Chinese cadres are always in the background to provide proper guidance, and the Communists are frank in saying that autonomous status cannot be achieved without Chinese leadership and assistance. They explain that the Chinese, being the most advanced group in the country, must necessarily lead other groups in the program of national development.

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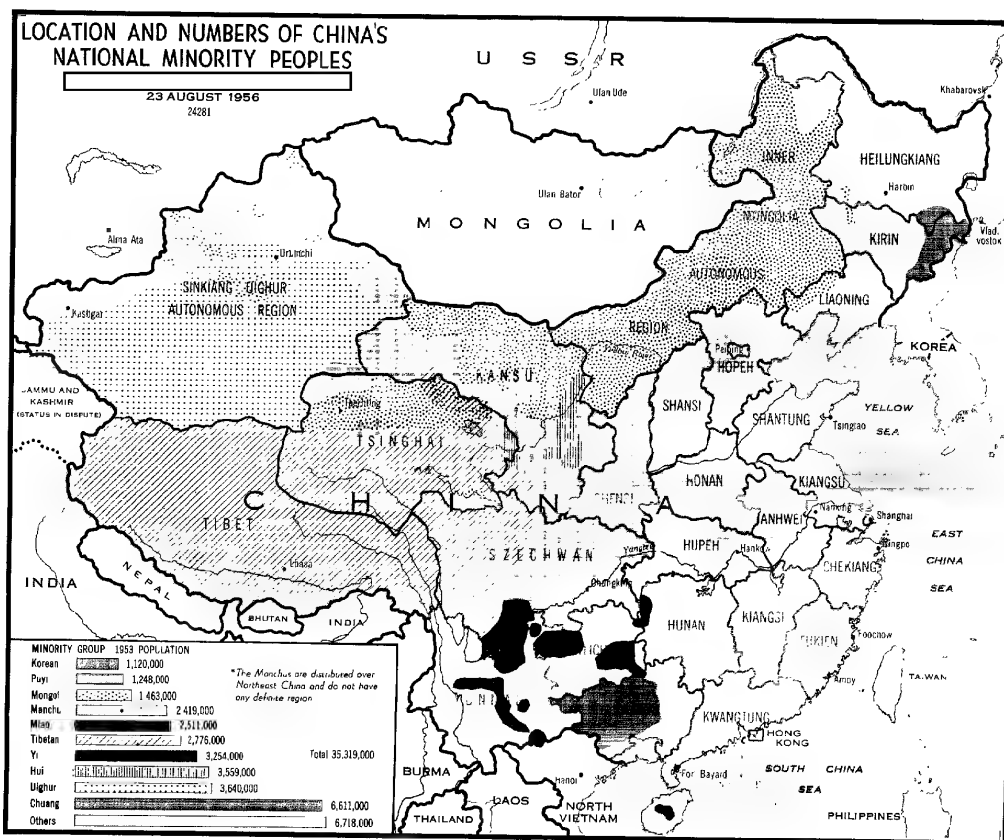
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Conciliatory Features

Although Peiping envisions the transformation of autonomous areas into socialist societies along with the rest of China, it is advancing toward this goal at a studied pace and with an outwardly careful regard for local customs and desires. For example, the Communists are proceeding cautiously in bringing traditionally independent herdsmen in

Minorities are ostensibly granted a larger share in the central government than their numbers would warrant. While minorities comprise only 6 percent of the population of China, their delegates make up nearly 17 percent of the membership of the rubber-stamp National People's Congress. However, in the centers of real power, minority representation is slight. Only one member of a minority race, the reliable



Sinkiang into co-operatives, and there has thus far been no insistence on the completion of land reform in Tibet. At the recent session of the National People's Congress, Ulanfu repeated the dictum of the party that reforms in minority areas must come only as the people demand them.

Ulanfu, is a member of the central committee of the Chinese Communist Party or of the State Council, which directs government operations.

Deference to minority sensibilities is evinced in the encouragement of the use of local languages. Chinese cadres

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have assisted in devising written languages for those minorities without one. At the recent session of the National People's Congress, Ulanfu told of plans to continue this program, which promotes the regime's campaign to wipe out illiteracy in minority areas in seven to twelve years, and which incidentally makes the minorities more susceptible to Communist propaganda.

Moslems - Buddhists

The minority peoples are predominantly Moslems and Buddhists, and Peiping has placed particular stress on respecting both groups. In its dealings with the adherents of these two religions, Peiping has worked through two government-sponsored organizations, the China Islamic Association and the Chinese Buddhist Association. These organizations have aided in the restoration of mosques and monasteries and have assisted Moslems and Buddhists in maintaining contact with their coreligionists in foreign countries. The Chinese Buddhist Association recently arranged for the loan of an important Buddhist relic to Burma, and the China Islamic Association recently sponsored the pilgrimage of a group of Moslems to Mecca.

Minority Attitudes

Peiping's policy toward national minorities has evidently been successful in that overt opposition has been reduced to small proportions. Since 1953, the only serious uprising has been the recently admitted resistance in areas of western Szechwan Province populated by Tibetans and other minorities. The uprising, which began in late February, was described as "mainly settled," with the leaders receiving lenient treatment. Most evidence to date suggests that the rebellion, while still continuing, does not extend to Tibet proper,

where calm apparently prevailed during the recent visit of a high-level Peiping government delegation.

Foreign Policy Effects

The conciliatory tone of Peiping's treatment of national minorities, and in particular its apparent deference toward local religions, has earned it dividends in foreign affairs. The propaganda value of permitting religious freedom was exploited by Chou En-lai at the Bandung conference in 1955. Chou took the line that the Chinese Communists, while themselves atheists, respect the religious beliefs of groups in China.

Delegations from Moslem countries such as Indonesia, Pakistan and Egypt have expressed the belief that their coreligionists in China enjoy religious freedom and equal rights. A belief that Moslems in China are accorded freedom of religion may have played some part in Egypt's and Syria's recognition of the Peiping government this year. The decision of the Chinese Buddhist Association to sponsor ceremonies to mark the 2,500th anniversary of the death of Buddha this year may elicit favorable response among Buddhist countries of southern Asia and shows Communists' awareness of the propaganda value of their policy toward religion.

Peiping's propitiatory treatment of minorities could result in increasing Chinese influence among ethnically related peoples in neighboring countries.

In western Sinkiang, the Communists have made an effort to secure the allegiance of minority peoples who have traditionally come under a degree of Russian influence, although Peiping apparently has not tried to influence the ethnically

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similar peoples living in the Soviet Union. Similarly, Peiping has established a "Thai autonomous area" in southern Yunnan Province. Bangkok is apprehensive that the area may be used as a base for inciting dissidence among the population of northern Thailand.

The "show window" technique has been used along the Tibet-India border, where the

Communists reportedly have encouraged border peoples in India to visit Tibet and observe Chinese accomplishments. In the disputed Sino-Burmese border area, Peiping has similarly endeavored to win the sympathies of the tribal population. Village chiefs in northern Burma have been invited to visit related groups in neighboring Yunnan to observe conditions under Chinese rule.

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THE ANTI-VYSHINSKY CAMPAIGN IN SOVIET JURISPRUDENCE

Criticism of Soviet jurisprudence voiced at the Soviet 20th Party Congress in February has been followed by a series of attacks on the legal theories of the late Andrei Vyshinsky. In the de-Stalinization process, demands have been made for strengthened "socialist legality" and judicial reform, and Vyshinsky has been condemned for his support of the doctrine of "trial by confession" and of the theory that all accomplices in a crime are equally guilty.

Vyshinsky was long considered the outstanding Soviet legal theoretician. He earned his reputation as a specialist in criminal court procedure while serving as chief public prosecutor during the purges of the late 1930's. The author of more than 200 works on law, he was director of the Institute of Law of the USSR Academy of Sciences from 1937 to 1941, and was editor of the theoretical journal Soviet State and Law from 1937 to 1950.

Attacks on Vyshinsky's theories for their incompatibility with socialist legal

concepts charge that the "widespread prevalence of the cult of the individual" may have hampered work in the juridical field.

The campaign against Vyshinsky thus far has been confined to the realm of theoretical law, which apparently suffered from exaggerated respect for his works. The "blind worship of his pronouncements" to the extent that some of them were "made into infallible dogma" is said to have had a stultifying effect on the work of juridical scientists.

Theory of Evidence

Vyshinsky has been most severely criticized for his concept of the role of evidence in the courts. The first attack on his theories appeared in April, when his method of "trial by confession" was denounced as a "glaring violation of socialist legality." Utilized by Vyshinsky to destroy Stalin's enemies during the purge trials of the 1930's, it admitted the confessions of the accused as the sole evidence before the

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court. Since the validity of the confessions was assumed, the defendants were automatically condemned.

After the initial attack, academic articles struck at the so-called "evaluative concept of evidence," the basis of the trial-by-confessions method. Under this concept, guilt is established on the basis of the mere probability that the facts presented to the court--e.g., in the confessions of the accused--are true. Vyshinsky wrote in 1937 and reaffirmed in 1950 that it was neither necessary nor practical for a Soviet court to arrive at the "absolute truth" in all cases. The present legal line states that this is incorrect and that the establishment of absolute truth in every case is a fundamental principle of Soviet justice.

Problem of Complicity

The most recent criticism of Vyshinsky appeared in the August issue of the party journal *Kommunist*, which lashed out at his views that all accomplices of a criminal are equally guilty, even though some may not have had anything directly to do with his crime.

The treatment of complicity cases in the Soviet Union has not been consistent. In prosecuting cases of complicity, Vyshinsky evidently applied the doctrine of analogy. Under this doctrine, a crime not specifically defined in the criminal code is punished under that article of the code which covers the crime most closely analogous to the one committed. Thus a criminal's accomplice could be tried for the same crime as the criminal himself and receive the same punishment. On several occasions, the question of retaining the doctrine of analogy has been debated, inconclusively, in Soviet legal circles.

Attack on Poskrebyshev

In addition to its attack on Vyshinsky, the *Kommunist* article criticized A. N. Poskrebyshev, Stalin's former private secretary. In one of the rare references to Poskrebyshev since Stalin's death, *Kommunist* asserted that he had "indiscriminately and without proof condemned theoretical discussions of legal questions as mere scholastics" at the 19th party congress in 1952. Poskrebyshev had in fact ridiculed Soviet lawyers for their debates on theoretical problems such as analogy and the definition of guilt. He advocated a study of the more practical aspects of law in order to strengthen state discipline.

Purposes of the Campaign

The anti-Vyshinsky campaign evidently serves a dual purpose. By striking at the theoretical bases of Stalinist jurisprudence, it will help convince the Russian masses that the arbitrary justice and purges of former years can never be repeated.

Second, and perhaps more important, it may jolt Soviet legal scholars out of the lethargy into which they lapsed under Stalin and Vyshinsky. Almost all the attacks on Vyshinsky have been accompanied by demands that the theory of evidence be profoundly studied and that the most pressing questions of "socialist legality" be answered.

Lawyers are accused of having accomplished little to advance Soviet law and of having been content to "mouth truisms" because they were afraid to put forward new juridical theories. The lack of productivity in the past is now blamed on Stalin's reign of terror. However, it is quite probable that a real fear of Vyshinsky

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existed, since he was able to rebuff any attempts to gain legal stature rivaling his own. The attack on Poskrebyshev implies that a discussion of theoretical questions of law will be safe from attack by high party functionaries.

There is apparently a genuine dearth of fundamental legal works in the Soviet Union. In January, for example, it was stated that Vyshinsky's book on evidence was the only leading work on the subject in the USSR. In addition to scrutinizing the question of absolute truth and the theory of evidence,

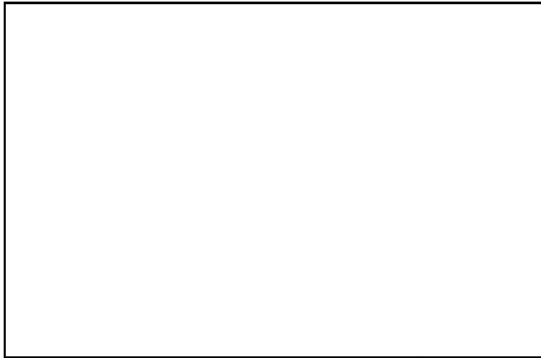
lawyers have been called on to perform serious research in such fields as bourgeois law, court work, and methodology in criminal law.

Despite the increasing frequency of attacks on Vyshinsky's theories, he has not been condemned as an individual. The Institute of Law of the Academy of Sciences still bears his name, and his role in the purge of Stalin's victims has not been mentioned. (See Weekly, Part III, Legal and Judicial Reform in the USSR, 17 May 1956.)

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